



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

October 25, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ORDINANCE TO ALLOW EMPLOYEES TO DONATE LEAVE
FOR HURRICANE KATRINA CHARITABLE RELIEF
(3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the accompanying ordinance establishing the Hurricane Katrina Leave Donation Program, allowing County employees to donate up to three days of paid leave to Hurricane Katrina disaster relief by agreeing to forfeit the time in exchange for a County contribution to the Red Cross, Salvation Army, or United Way equal to the cash value of the time; and
2. Approve the processing of leave donation requests under this program through December 31, 2006, up to a maximum of \$2 million on a County-wide basis (all funds); instruct the Auditor-Controller, in conjunction with each County department, to process the requests in the order received until December 31, 2006, or until the \$2 million limit is reached; instruct the Auditor-Controller to report all such payments to the Board of Supervisors and the Chief Administrative Officer, and instruct the Chief Administrative Officer to return to your Board with further recommendations in the event employee requests to donate more than \$2 million in the aggregate are received; and
3. Instruct the Chief Administrative Officer and the Auditor-Controller to prepare the appropriate forms and procedures, and issue the instructions and guidance to County departments and employees necessary to implement these recommendations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

County provided paid leave benefits such as sick leave, vacation, accumulated holiday time, and compensatory time represent economic value to employees and a corresponding financial liability for the County. The purpose of the recommended action is to allow employees who wish to make a charitable contribution to Hurricane Katrina relief efforts, do so by irrevocably forfeiting up to three days of accumulated paid leave time in exchange for an equivalent cash contribution from the County.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this leave donation program meets the County's Strategic Goals of Workforce Excellence and Children and Families' Well Being, by providing County employees an additional means of providing aid to the victims of Hurricane Katrina.

FISCAL IMPACT/FINANCING

The paid leave benefits that may be donated under this program include accumulated full-pay sick leave, accumulated vacation benefits, accumulated holiday time, compensatory time off earned in lieu of paid overtime for "nonexempt" employees covered by the Fair Labor Standards Act, and nonelective and elective annual leave for employees covered by the cafeteria benefit plan known as MegaFlex. This time currently represents a liability for the County in that it may be taken as paid time off, or cashed out on a full or partial basis upon termination from County service.

For every dollar of time donated by employees under this program, the accrued balances and related County liability for that time would be reduced by one dollar. In this sense, this proposal is cost neutral. However, in light of the fact that some of the cash expense for this time would have been incurred in future years, this program would likely cause the County to incur some portion of these expenses sooner than would have otherwise been the case. Therefore, we are recommending a County-wide monetary cap of \$2 million at this time. If the program generates employee interest exceeding \$2 million, the Chief Administrative Office will return to your Board with further recommendations prior to incurring any expenditures in excess of this limit.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This program would become effective with respect to all County employees upon adoption of the implementing ordinance. The Chief Administrative Office and Auditor-Controller would issue the necessary forms and instructions to County departments and employees. Those instructions would essentially provide for each County department to

receive signed authorizations from donating employees and calculate, in each case, the value of the donated time by taking into account the hours donated, and the pay rate for each participating employee at the time the donation is made.

Each department would forward the calculations to the Auditor-Controller and make the necessary adjustments to each participating employee's paid leave records maintained in the County-Wide Timekeeping and Personnel/Payroll System (CWTAPPS). The Auditor-Controller would verify the calculations and CWTAPPS entries, aggregate the value of the donated time, and forward the contributions to the Red Cross, Salvation Army, or United Way as instructed by each employee on the signed authorization form.

Employee authorizations to donate time would be irrevocable and would apply only to Hurricane Katrina disaster relief. They would be handled on a "first come – first served" basis relative to the \$2 million limit. Any requests received after the \$2 million limit has been realized would be considered null and void absent further direction from your Board.

The program would end on December 31, 2006, as that is the sunset date established by the Internal Revenue Service guidance. The Internal Revenue Service guidance also provides that the value of paid leave donations cannot be income to the employees and cannot appear on year-end W-2 statements. Consequently, the contribution amounts cannot be taken as a charitable contribution on individual employee tax returns. These facts would be clearly communicated to all County employees, should your Board approve these recommendations.

This program has been discussed with the Coalition of County Unions, AFL-CIO and SEIU Local 660.

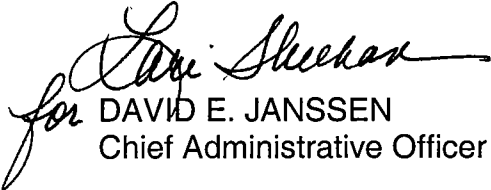
IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

Honorable Board of Supervisors
October 25, 2005
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The accompanying ordinance has been approved as to form by County Counsel.

Respectfully submitted,


for DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SRH
WGL:PC:df

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Coalition of County Unions, AFL-CIO
SEIU, Local 660, AFL-CIO

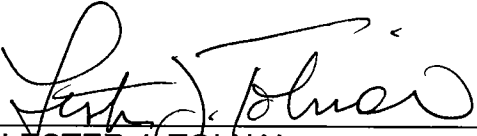
ANALYSIS

This ordinance amends Title 6 - Salaries, of the Los Angeles County

Code by:

- Adding Section 6.21.020 to establish the Hurricane Katrina Leave Donation Program.

RAYMOND G. FORTNER, JR.
County Counsel

By: 
LESTER J. TOLNAI
Principal Deputy County Counsel
Labor & Employment Division

LJT:mag
(requested 10/05/05)
(revised 10/11/05)
(reviewed by CoCo10/11/05)

ORDINANCE NO. _____

An ordinance amending Title 6 - Salaries, of the Los Angeles County Code to add Section 6.21.020 to establish the Hurricane Katrina Leave Donation Program.

The Board of Supervisors of the County of Los Angeles ordains, as follows:

SECTION 1. Section 6.21.020 is hereby added to read, as follows:

6.21.020 Hurricane Katrina Leave Donation Program

In view of the extreme need for charitable relief in the aftermath of Hurricane Katrina, the board of supervisors has adopted this leave-based donation program to aid victims of this hurricane. This program is intended to comply with the terms of Internal Revenue Service Notice 2005-68 and will be interpreted consistent with that notice and any additional, relevant guidance provided by the Internal Revenue Service.

A. Eligible Participants. Any County employee in active status or on a leave of absence may participate in the Hurricane Katrina Leave Donation Program by completing, signing and returning to the appropriate County department the leave donation authorization form that is approved for use by the Chief Administrative Office. Participation in the program is voluntary.

B. Leave-Based Donations. Participants in the Hurricane Katrina Leave Donation Program may elect to assign to the County the following forms of accrued leave, as applicable and subject to the limitations set forth in C: full-pay sick leave, vacation, holiday time, compensatory time accrued as a non-exempt County employee,

nonelective annual leave under Megaflex for the current year, and elective annual leave purchased under Megaflex for the current year provided that all nonelective annual leave for the current year has been used. Leave may be assigned to the County in increments of a minimum of one (1) hour and in whole hour increments thereafter. Once an election is made, the assignment of donated leave is irrevocable, except as otherwise provided in Section 6.21.020C.

C. Limitations on Leave-Based Donations. The County may limit the number of hours, days and/or forms of accrued leave that may be assigned under the Hurricane Katrina Leave Donation Program and communicate such limits to participants in forms or procedures developed to administer the program. Any change in such limitations will be applicable prospectively. In addition, the Hurricane Katrina Leave Donation Program shall be subject to an aggregate limit on the total cash donation by the County under the program of two (2) million dollars, which may be changed by the board of supervisors in its sole discretion. Any participant elections to donate paid leave that have not been processed at the time that the applicable aggregate limit is reached will be void and the hours of paid leave subject to the void election will not be assigned to the County but will be restored to the participant's leave account.

D. Donations. The leave that is assigned to the County under this program will be converted to cash by the County and one or more cash payments will be made by the County to charitable organizations for the relief of victims of Hurricane Katrina.

Only charitable organizations described in section 170(c) of the Internal Revenue Code and designated by the County will be eligible for participation as an eligible recipient organization. The County will notify participants in the program of the eligible recipient organizations and allow participants to designate which organization they would prefer to benefit. Only one eligible recipient organization may be designated on each authorization form and such direction is irrevocable. Although the County will make every effort to honor each participant's preference, the County reserves the right to change or add to the eligible recipient organizations and redirect the cash payments in its sole discretion to another eligible recipient organization; provided, however, that any new recipient organization shall be described in Internal Revenue Code section 170(c). All cash payments under the Hurricane Katrina Leave Donation Program will be made to eligible recipient organizations no later than December 31, 2006.

E. Restrictions. The leave that is assigned to the County will not be treated as income to the participant and thus the value of the leave will not be treated as compensation for any of the County-sponsored deferred compensation plans or LACERA. Participants may not claim a charitable contribution deduction under Internal Revenue Code section 170 with respect to the value of the leave that has been assigned to the County. Leave that is assigned to the County will not be restored to the participant's leave account and the value of the leave will not be included in termination pay upon the participant's termination from County service. Megaflex participants who assign elective annual leave under the program will not be eligible to receive the cash value of such leave at the end of the year in which the leave has been assigned.

F. Duration of Program. The Hurricane Katrina Leave Donation Program will expire on midnight December 31, 2006; provided, however, that the board of supervisors reserves the right to terminate or amend the program at any time prior to this date.

G. Assignments of full pay sick hours will not count as sick leave used for purposes of applying Section 6.20.030F (2) for the participating employee and will not adversely affect such employee' s right to be paid for sick leave hours in lieu of such hours as provided in that section.

H. Administration. The Hurricane Katrina Leave Donation Program shall be administered according to procedures established from time to time by the auditor-controller and chief administrative officer.

SECTION 2. Pursuant to Government Code Section 25123(f), this ordinance shall take effect immediately upon final passage.